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THE DIRECTOR OF CENTRAL INTELLIGENCE

WASHINGTON, D. C. 20505

National Intelligence Officers

2 February 1981

MEMORANDUM FOR: Wynfred Joshua
DIA/DIO

FROM : Robert M. Gates
National Intelligence Officer for USSR-EE

SUBJECT : Recent Developments of Interest

1. Now that I am settling into this position, I want to try to keep you as well informed as possible on interagency and Congressional matters in which I am involved and which may not come to the attention of DIA.

2. Last week I attended two Interagency Group meetings on Poland at the Department of State, chaired by Under Secretary Newsom. The primary purpose of these meetings was to review and summarize for Secretary Haig various economic, political and military contingency measures under consideration by the US and its allies in response to a Soviet invasion of Poland. I have attached the agendas of both meetings and invite you to drop by my office the next time you are at Langley to read the briefing papers that resulted from these meetings. The papers will serve as the basis for briefing Secretary Haig.

3. Second, I have been participating in the DCI's worldwide briefing for various Congressional committees. Last week we briefed the House and Senate Armed Services committees. Because my notes are very rough, I am attaching a copy of an unclassified version of my remarks requested by and prepared for Senator Warner. (It does not read very well; please understand that it is a reconstruction of an oral briefing.) I might add that the content was well received by both committees. There were several questions by members of the two committees in which you might be interested as an expression of their concerns:

-- Senator Warner wanted to know whether the Soviets would respond to our deployment of MX, a bomber or other strategic weapons with new programs of their own or whether their present lead would render that unnecessary. (I answered that I thought they would proceed with further programs of their own with or without new US programs.)

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- Senator Jackson asked whether Soviets might buy Persian Gulf oil and then resell it to the West at great profit. He also asked whether their present military advantages (window of opportunity) would not be used primarily to gain political advantage by putting pressure on various countries in the Persian Gulf and so forth. (With respect to the first question, I told him I did not think that the Soviets would want to use the very large amount of hard currency that would be required initially in this manner, at least in the near term. I agreed with his view that the Soviets would use all the means at their disposal to try to reduce US influence in the Gulf and to prevent the permanent stationing of US forces in that area.)
- Senator Warner noted that in my briefing on the economy I had stated that the prospects for energy were glum, that productivity was down, GNP was down, the labor force was down, and that the overall economy was in terrible shape. He asked what the Soviets, faced with these dismal economic prospects and the need to do something about them, would decide if presented a choice in the near future between "fixing" their economy and continuing the top priority given to defense. (I responded that in my view they would continue to give top priority to the military, even at the cost of greater austerity at home.)
- Representative Stratton asked my view about Soviet motives in arms negotiations. (I responded that the Soviets are interested in such negotiations (1) to constrain US programs to the greatest extent possible while letting their own run as free as possible; (2) to influence US strategic decisions; and (3) because they recognize that in the past such negotiations have created pressures in the US which limit US responses to their activities in the Third World.)

4. Those were the main questions asked and the gist of my answers (which were more detailed), although there were a number of other, narrower questions. I will try to keep you informed of such hearings and, knowing that DIA also testifies on the Hill, would appreciate your keeping in touch with me as well. I think that the interests of the Intelligence Community are best served if our presentations -- to the extent possible -- at least do not conflict in major ways or that major differences are identified. I would hope that the views expressed in the very rough version of my remarks attached are not significantly at odds with your own description of trends in Soviet foreign policy.



Robert M. Gates

Attachments: three
As Stated

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Agenda for the Interagency Group

Meeting on Poland

23 January 1981

1. Intelligence Briefing (CIA)
2. Review of Contingency Planning (State)
3. Guidance for Future Meetings with Key Allied Ambassadors (State)
4. Aid to Poland (State)
5. Messages to Soviets and Allies (State)
6. Public Affairs Guidance (State)

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**AGENDA FOR INTERAGENCY GROUP MEETING ON POLAND
Friday, January 30, 1981**

- ✓ 1. CIA Update on Current Internal Situation
- ✓ 2. Political Measures in Response to a Soviet Intervention in Poland (EUR). Issue for Decision: Does the Administration subscribe to the list of political measures agreed by the NATO PermReps December 11?
- ✓ 3. Economic Measures in Response to a Soviet Intervention in Poland (EUR/EB). Issue for Decision: Does the Administration subscribe to the list of measures now under discussion with the Allies? Next steps in the inter-agency and Allied consultative process.
4. Economic Assistance to Poland (E). Issue for Discussion: U.S. attendance at the Paris meeting in late February; position to be taken in interim consultations with the Allies.
- ✓ 5. Contingency Planning in Event of Internal Polish Repression (EUR).
- ✓ 6. Military Measures in Response to Intervention in Poland (DOD/PM). Issue for Discussion: Approach to consultations with Allies; DOD position concerning COCOM measures and refinement of COCOM technology transfer criteria.
7. *NSL-CO Attitudes*

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RDS-1, 1/31/87

~~Wmme~~ - This is for you. Please do
not reproduce or circulate.
2) Remember - some deficiencies
are due to a 10 minute
time limit.

The 26th Congress of the Soviet Communist Party will convene in Moscow late next month. It will review the successes and achievements of the last five years and approve basic foreign and domestic policies for the next five. One of its more difficult tasks will be the assessment of changes in the international environment since 1976.

What is the Soviet view of changes in the international environment since their last Congress, in 1976. In 1976, the Soviet saw:

- The US military retrenchment compared to vigorous broad Soviet programs.
- The US withdrawal from international involvements, especially in the Third World.
- And the possibility of improved relations with China after the death of Chairman Mao.

Since 1976, there have been a number of important developments favorable to Soviet interests:

- First and foremost among these is the fall of the Shah. Although the Soviets did not have a ~~major~~ role in the overthrow of the Shah, ~~it~~ ^{they} certainly have been a principal beneficiary of the expulsion of the US.
- The spread of political ferment and anti-US policies in the Caribbean and Central America.
- The appearance of increased differences between the Europeans and the United States on a wide range of issues, including specifically how to respond to Soviet adventurism abroad.

- They have secured a pro-Soviet regime in Afghanistan. While this certainly has involved difficulties and setbacks for the Soviets, they have made an important advance into Southwest Asia and they are clearly there for the long term.

At the same time there have been a number of developments unfavorable to the USSR.

- Increased efforts among the US, Western Europe, China, Japan and some leading Third World countries (Egypt, Pakistan) to coordinate policies relating to the USSR.
- The normalization of US relations with China and the quick development of what appears to the Soviets to be a security cooperation relationship. This in turn has not been accompanied by a commensurate improvement in Sino-Soviet relations.
- The Chinese border war with Vietnam was a significant demonstration of Chinese willingness to attack a Soviet ally even at the risk of Soviet retaliation. Moreover, the fact that this attack took place less than three months after the Soviets signed a Friendship Treaty with the Vietnamese brought the Soviets considerable loss of face in Asia.

There are three additional unfavorable developments for the Soviets since 1976 that still ~~currently~~ preoccupy the Soviets:

- The first of these is Poland. In late November, the Soviets began to prepare their forces for use in Poland. On December 5th, at a Summit of the Warsaw Pact in Moscow, we believe Kania received more time to get control of the situation in Poland but had his flexibility for doing so severely constrained. We believe the Soviets did not go into Poland because of the assurances they received

from Kania that he could get the situation under control, the enormous military and economic costs of such an intervention, and finally the stiff foreign reaction to the possibility of such an invasion. The Poles themselves were sobered for a time by military preparations and this accounts in part for the lull during most of December and early January. Nevertheless, ~~throughout~~ Soviet concerns remain: internal disorder in the Party, continuing challenge by the union to the Party, and no solace for the Soviets in the economic and political trends in the country. ^{The} Soviets currently are waiting to see if Kania can ~~in~~ fact reestablish order in the country and discipline in the Party. He has taken a harder line and this has led to the renewed unrest we are seeing now.

-- Iran and the Iran-Iraq War. As I mentioned earlier, the Soviets have benefited from Iran's action in expelling the United States. The Soviets main objective at this point is to keep the US out. They perceive this problem as more difficult now that the hostages have been released. At the same time the Soviets have made little headway with the regime. They had hoped to use the war between Iran and Iraq as a means to gain favor with both countries, ~~But~~ ~~they~~ have had little success. Indeed, relations with Iraq have become strained.

-- The US. And of course the third current preoccupation of the Soviet leaders is the collapse of the US-Soviet detente in recent years. The Soviets are concerned by the possibility of a resurgent US assuming a more assertive role abroad and by the prospect of a US effort to recapture its strategic arms lead of a decade or so ago. Key for the Soviets is the future of SALT. It is central to the Soviet view of bilateral relations. These ongoing negotiations not only

provide the Soviets the potential to limit US programs and influence US strategic decisions but, as in the 70s, the negotiations themselves create pressures in the US which constrain its responses to Soviet adventurism in the Third World. For better or for worse, the US is central to Soviet defense policy. The Soviets are not just reactive to the US -- they have their own objectives and policies. But in both instances, US actions and responses are central.

What is next for the Soviets as they look to the 80s? They are aware that in the 1970s their growth in ^{their} military power made possible a much greater ~~Soviet~~ ability and willingness to project their power abroad. We have seen a more assertive and aggressive Soviet foreign policy since the US withdrawal from Vietnam, beginning with the Soviet-Cuban intervention in Angola. The experience of the 70s suggests to the Soviets that they can work toward the achievement simultaneously of two fundamental objectives: preventing and controlling change in ~~the~~ ^{their} own sphere of influence and in areas where instability might adversely affect them; and, at the same, promoting change in the Third World and in areas where instability might advance their interests. Success in doing both, however, depends to an important extent on the response and actions of the US.

The Soviet pursuit of these objectives has specific policy implications for the next few years.

-- First, ~~and foremost~~ the Soviets will continue their opportunism in the Third World, exploiting and creating instability and political conflict in the Third World. They will focus on targets as widely diverse as Southwest Asia, Africa, Central America and the Middle East. As in the past, they will not restrain themselves out of deference to US sensitivities or to promote better relations.

- They will continue their efforts to weaken and split US ties with Western Europe as well as the NATO alliance.
- They will continue to attempt to contain China, especially through support to Vietnam.
- They will try to prevent settlement of the Arab-Israeli dispute. Continuation of 'ho war - no peace" serves their interests best.
- They will be assertive in defending their established clients, Vietnam, Cuba, Ethiopia, Afghanistan, Yemen and so forth.

In the defense area,

- The Soviets will compete with any acceleration of US strategic programs in the 1980s, regardless of the cost or state of their economy. Indeed, in the new ~~five~~ Year Plan, defense continues to receive top priority.
- At the same time the Soviets will seek to preserve and extend their existing military advantages and continue to try to erode remaining US advantages.

At the same time we do not see the Soviets launching a major military offensive against Western Europe or the US in the foreseeable future. Indeed, out of self interest, Moscow will try to revive a better relationship with the US to obtain trade, technology, removal of the grain embargo and to constrain US arms programs. We believe they will wait at least a few months for signals from the new Administration on the grain embargo, trade and SALT. On the whole, however, we believe Soviets are pessimistic about any significant improvement in relations with the US.

The outlook then is for an intensified, aggressive Soviet competition in arms and foreign affairs. In the 80s, as in the past, Soviet restraint in arms or in foreign adventures will depend primarily on their assessment of the costs and risks. They have judged both low in recent years. Positive incentives alone -- trade, grain, technology -- are insufficient to bring about restraint. On the other hand, the Soviets always carefully, cautiously assess the risk of a direct confrontation with the United States. While they probably assess that risk differently now than a number of years ago, we believe they still prefer to avoid such confrontations, especially if a military clash is possible. ^{The} Soviet assessment of this risk clearly is a key element in their foreign policy decisions.

The Soviet internal political situation is likely to produce considerable continuity with the assertive foreign policy described above and we believe this assertiveness will continue through much of the decade. There is a broad consensus in support of this policy under Brezhnev, and his heirs will maintain this course over the next several years.

In this connection, Brezhnev's power is currently at its peak. He has no apparent rivals in the Politburo and almost all of his opponents ~~or rivals~~ have been removed or died within the last seven years.

The succession itself seems to be on the back burner. Brezhnev has no apparent plans to step down and has avoided a formal designation of an heir. For the long term, Brezhnev's health is fragile and he is elderly. When he dies we expect there will be a two-stage succession. No one will inherit all of his power. There will continue to be a collective leadership. Initially, the new party leader is likely to be a Brezhnev associate. Over time, however, prospect for change are greater as the old guard departs. Nevertheless, the power consolidation necessary for new policies will make their adoption difficult.

The consensus for change usually is lacking in a collective leadership and advocates of change run political risks, especially if they seek to make major changes in the economy or shift priority ~~to~~ away from defense. Therefore, the most likely prospect for the Soviet Union is the absence of significant change in its ^{present} foreign or domestic policies for the foreseeable future.